

1. The meeting was called to order at 6:06 pm.
2. The Pledge of Allegiance was led by Chairman Harold Merritt.
3. Roll Call: Neil Duncan, Mayor Moser, and Harold Merritt were present. Kevin Sair was excused. Nathan Bronemann took minutes. Legal Counsel, Gary Kuhlmann was present. Rod Mills and Bob Davis of Ensign Engineering were present.
4. Declarations of conflict of interests.

None stated.
5. Public hearing on issuing bonds

Chairman Harold Merritt explained the purpose of the meeting and asked Rod Mills to give further explanation.

Rod Mills said that they were asking for public feedback and that it would be appreciated. He said that the board of the special service district had passed a parameters resolution with regard to the issuance of bonds to fund the purchase of the water companies as well as the proposed construction. He explained that the first component of the funding would come from the Utah Division of Drinking Water which would go toward the purchase of water assets. He said the second component would come later from Rural Development to fund the construction. He said that of the first component, 20% would be in the form of a grant, and the remaining 80% would be in the form of a 0% interest loan.

Jack Davis asked the board to explain how the residents of Apple Valley would benefit from the debt involved.

Mayor Moser said that the funding would be paid back by the fees collected from water usage. He said that any developer would have to bring water resources with them in order to develop. He added that they were revenue bonds and that they could not be repaid by taxing.

Jarry Zaharias asked if the debt being incurred was serviceable by the fees being collected.

Rod Mills said the he had done a pro forma and that based on that information, they would not only be able to service the debt, but they would be able to recapitalize the infrastructure. He said that they had projected things fairly conservatively.

Margaret Ososki asked how many residents would be paying for water on the system and where the pipelines would go.

Mayor Moser said that everyone on the Apple Valley and Cedar Point Water systems, (67 on the Cedar Point and 215 on the Apple Valley system) would be paying for water.

Margaret Ososki asked about standby fees.

Rod Mills said that if you are on the current system and receiving water, you would start paying the new rates. He said that they would charge a standby fee for any lots that are within a serviceable distance from the pipelines. He said that there were one hundred or so of those lots that would be charged a \$29 standby fee.

Rod Mills added that the new system would essentially parallel the old system with a few additions to loop the piping.

Mike Maddocks asked how the negotiations with the water companies were progressing.

Gary Kuhlmann said that it was looking very promising. He said that Cedar Point had acquired all the interest of the Apple Valley Water company. He expected that the documents would be ready to sign by the district to purchase both water companies from the Cedar Point Water Company.

Jack Davis asked if there was any projection for the future maintenance costs.

Rod Mills said that aside from the reconstruction and rehabilitation of the Apple Valley system, they are required to make projections out 20 years for the estimated expenses that will be required. He said that they had done so.

Margaret Ososki asked if they knew how much water they had in the aquifer.

Rod Mills said that they were doing that study. He said that it looked like they had enough water for the future, but not excessive amounts. For this reason, he said that they were trying to protect all of the water rights in the basin by asking other water rights owners to put their water in the water bank with the district. He said that they were still trying to understand how much actual water was in the area vs. how much paper water there was.

Vernae Hansen said that living on a dead end, they have dirty water and have has echoli issues. She asked that if they would be out of water during construction and how long that would take.

Rod Mills said that during construction, the pipeline would all be put in and pass pressure tests. After that each connection would be hooked up one by one which would take just a few hours per connection. He estimated that the construction would begin in the first part of spring or summer next year.

Margaret Ososki asked that now that Kokopelli had closed down, had they noticed any difference in water in the aquifer.

No one knew if any changes had been noticed.

Margaret Ososki asked about coming onto the system.

Mayor Moser said that people would be given the opportunity to come onto the system at as it came by, but after that they would have to pay a connection fee.

Rick Crawford asked if any of the funding could be used for sewer.

Rod Mills said that sewer wasn't anything that was in the immediate plans and that they were not authorized to use this funding for sewer.

Harlan Ashby asked if they had a copy of the engineering report that stated were the \$6 million would be spent.

Rod Mills said that there were multiple studies but that the study that is required for Rural Water should be complete in the next couple weeks for them to review.

Harlan Ashby asked if it wasn't done, how they could know how much money was required.

Rod Mills explained that they had conducted a number of studies in order to provide projections.

Harlan Ashby said that according to “his” figures, he didn’t see how with the current rates the district would be able to pay to service the debt. He asked what would happen to his share in the water company.

Mayor Moser said that the only thing that he had was a certificate from Silver States Water Company and that those certificates were no longer valid.

Harlan Ashby asked what the water schedule was based on if no one had done the math.

Rod Mills again explained that they had done a pro forma and that as soon as the Federal Government folks had reviewed it, they could make it available to the public. He said that it included studies of costs throughout the entire life of the funding. He said that they were basing financing on only the current users with a very modest projection of growth.

Mayor Moser added that they were much more conservative than the Federal Government’s projections.

George Harris said that his insurance bill had gone up by \$1,000. He said that his insurance company had blamed it on the Town offices. He said that he got it straightened out.

Mayor Moser said that just for the record there were no records from the Town of Apple Valley. He said that the report came from the ISO that caused the insurance rates to go up. He said that the Town had been fighting with the ISO to keep the insurance rates down. He said that he had been sending requests to them to delay issuing a poor report about the Town.

Nathan Bronemann added that he had directly spoken with Alex at the ISO and that he was directly told that the reason the ISO rating had gone up was because the Apple Valley Water Company had not provided them with the information that they had requested.

Motion made by Mayor Moser to close the public hearing portion of the meeting. Neil Duncan seconded the motion. Vote: Neil Duncan-yes, Mayor Moser-yes, and Harold Merritt-yes. The motion passed 3/0.

6. Discussion and possible action on issuing bonds

Motion made by Mayor Moser to approve the issuance of the bonds. Neil Duncan seconded the motion. Vote: Neil Duncan-yes, Mayor Moser-yes, and Harold Merritt-yes. The motion passed 3/0.

7. Acquisitions

Gary Kuhlmann said that he was working on the contract.

8. Funding – Kevin Sair

Nothing to report.

9. Operations – Neil Duncan

a. Discussion and possible action on recommendation to hire a certified operator

Neil Duncan reported that he and Harold Merritt had done interviews and that they recommended the hiring an individual.

Motion made by Mayor Moser to hire that individual who was Dale Harris and that they set the pay at \$14 to start with a cap at \$20 over the first 6 months of operation. Neil Duncan seconded the motion. Vote: Neil Duncan-yes, Mayor Moser-yes, and Harold Merritt-yes. The motion passed 3/0.

10. Resource Management – Mayor Moser

Mayor Moser reported that they were working with the Jepson family to finalize the acquisition of land for the construction of a water tank,

Rod Mills added that the hope was that they would donate the property for that tank.

11. Development – Harold Merritt

Nothing to report.

12. Consider approval of minutes:

a. July 18, 2012 Regular Meeting Minutes

Motion made by Neil Duncan to approve the July 18, 2012 regular meeting minutes.

Mayor Moser seconded the motion. Vote: Neil Duncan-yes, Mayor Moser-yes, and Harold Merritt-yes. The motion passed 3/0.

13. Request for a closed session

None requested.

14. Adjournment

Motion made by Mayor Moser to adjourn the meeting. Neil Duncan seconded the motion.

Vote: Neil Duncan-yes, Mayor Moser-yes, and Harold Merritt-yes. The motion passed 3/0.

Meeting adjourned at approximately 7:03 PM.

Date approved: _____

ATTEST BY: _____
Nathan Bronemann

Chairman Harold Merritt